

**Opening Statement
By Chairman Chris Smith
House Subcommittee on Africa,
Global Human Rights and International Operations
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When Nigeria became an independent nation on October 1, 1960, that development was seen as a major leap forward for Africa. Its most populous nation would now govern itself and use its tremendous natural and human resources for the benefit of its more than 100 million citizens, and the rest of Africa would enjoy at least residual benefits. Unfortunately, Nigeria's blessings have not proved to be as widespread as was hoped.

This great nation has gained a reputation for corruption that is difficult to overcome. It is not the only nation consistently ranked high on Transparency International's corruption perception index. However, the reach of Nigerian fraud peddlers exceeds that of most other nations.

Many of us who use the Internet have received solicitations to claim a fortune in funds abandoned in some forgotten bank account. These schemes – known as “419” scams after the provision in Nigerian law outlawing them – are among the issues often cited by those who know little else about Nigeria. There are numerous accounts of retirees, and even churches, losing many thousands of dollars by responding to these fraudulent requests, but those who try to obtain someone else's money are as criminal as those who initiate the scam. Moreover, the Nigerian government has made a serious effort to address this problem.

At the heart of corruption in Nigeria, however, are those who wield government authority. According to a report done by Nigeria's

Economic and Financial Crimes Commission last year, the country's successive governments stole or misused about \$400 billion during the last four decades of the 20th century. That amount is about equal to all the aid given to Africa by Western donors during the same period.

Nigeria's people are those who overwhelmingly suffer. According to the World Bank, with Nigeria's large reserves of human and natural resources, it has the potential to build a prosperous economy, reduce poverty significantly, and provide the health, education, and infrastructure services its population needs. However, despite the country's relative oil wealth, poverty is widespread — about 37% of the population lives in extreme poverty.

Testimony in prior congressional hearings has cited corruption as Nigeria's biggest single problem. It has not only sapped public trust in government, but it has cost the government and the people of Nigeria billions due to corrupt management of public companies, unrealized public projects and deteriorated infrastructure caused by looted maintenance budgets.

One of the earliest government scams was the cement scandal of the early 1960s, in which a grand public housing plan was announced, and vast quantities of cement were purchased from foreign contractors. But far more cement was ordered than was needed, and overloaded Nigerian ports saw ships loaded with cement backed up for miles out to sea. Corrupt officials made profit from selling cement import licenses, but the promised housing was never constructed on the scale that had been envisioned.

Another 1960s scandal involved an aluminum smelter that was supposed to be part of the industrialization of Nigeria. Unfortunately, corrupt manipulations drove the cost of the smelter

up to \$2.4 billion, which was 60–100% higher than comparable plants elsewhere in the developed world. Once completed, the smelter never operated above a fraction of its capacity.

More recently, in 2003, a commission of inquiry was appointed to investigate the collapse of Nigerian Airways. That commission found that former top airline officials, federal cabinet members and high-ranking civil servants were to blame for the national airline's collapse through waste and misappropriation of funds.

One of the hallmarks of Nigerian corruption is that the top officials most responsible for looting public enterprises are almost never punished for their crimes or forced to return the funds they've stolen. Even President Obasanjo, who is seen as a campaigner for transparency, has failed to bring to justice the many corrupt officials who have yet to answer for their crimes. Nigerian officials can and should go after the late dictator Sani Abacha and seize his ill-gotten wealth. But they also must not exempt from justice other former leaders, who are not only shielded from prosecution, but even now are considering running again for the Presidency of Nigeria.

Corruption in Nigeria squanders the vast resources available to this nation and has been a factor in this country's brain drain. Tens of thousands of Nigerian professionals have immigrated to America and other developed nations where they can operate in environments in which those who loot their companies or steal government funds can expect prosecution. Even the officers of companies such as Fortune 500 companies as Enron and WorldCom have faced prosecution, no matter how slow the process.

Fortunately, transparency in Nigeria seems to be catching on. After failing to successfully tackle corruption with the Independent Corrupt Practices Commission, the Nigerian government in 2003 created the Economic and Financial Crimes Commission. Its initially limited mandate, which focused on "419" fraud and other

business crime, now appears to include government corruption as well.

Government actions in pursuit of greater transparency seem to indicate a renewed commitment to attacking high-level corruption. In December 2003, several prominent cabinet members were removed and a former ranking member of the ruling party was arrested following an investigation into the questionable national ID card scheme that year. As positive as this development and subsequent arrests and indictments are, the fact remains that too many high-ranking officials are either not prosecuted or are merely fired. Without accountability, no transparency program can be considered a success. Those who violate the public trust must be prosecuted and made to return the monies they have stolen.

Corruption in Nigeria is not merely a problem for that country. Over the past two decades, fraud in programs designed to develop the oil-rich Niger delta region have left its residents bitter and frustrated and lacking in faith in reforms offered by their government. Every oil company official kidnapped or killed and every pipeline ruptured threatens global energy supplies and drives up the price of oil worldwide. Nigerians cannot afford continued fraud, and neither can the rest of the world.

The recent audit of Nigeria's oil industry as part of its commitment to the Extractive Industries Transparency Initiative is a good sign that the Nigerian government realizes that accountability must be established. We can only hope that this will lead to greater accountability for those high-ranking officials who continue to enjoy immunity from prosecution and the fruits of their theft. The Nigerian government must understand that their people are watching, and the rest of the world is too.